



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa, Los Angeles, CA 90012
(213) 240-8101

BOARD OF SUPERVISORS

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First District

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November 6, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**DELEGATION OF DUTIES AND ASSIGNMENT OF AGREEMENT H-210553
FROM HEALTH MANAGEMENT SYSTEMS, INC. TO ACCORDIS INC.**
(All Districts) (3 Votes)

IT IS RECOMMEND THAT YOUR BOARD:

Approve and instruct the Director of Health Services, or his designee, to approve and sign a Delegation of Duties and Assignment of Agreement No. H-210553 from Health Management Systems, Inc. to Accordis Inc. (Exhibit I), retroactive to December 16, 2002.

PURPOSE/JUSTIFICATION OF RECOMMEND ACTION:

The purpose of this action is to request Board approval of the Delegation of Duties and Assignment of a Financial Services Agreement from Health Management Systems, Inc. (HMS) to Accordis Inc. effective retroactively to December 16, 2002.

HMS has undergone a corporate reorganization. On December 16, 2002, HMS separated its Providers Services Division from its Payer Services Division to form a wholly owned subsidiary named Accordis Inc.

Under the Assignment and Delegation provisions of this Agreement, the County's consent, i.e., approval by the Board of Supervisors, is required when a transfer of ownership gives majority control of the contractor to another legal entity subsequent to the initial execution of the Agreement.

FISCAL IMPACT/FINANCING:

Contingency fees for Accordis Inc will be funded entirely from revenues received by the Department of Health Services as a result of contractor's efforts. Any amounts due from County to HMS under the contract for contractor services which have not been paid, shall be paid to Accordis Inc.

There is no fiscal impact on the Agreement as a result of the Assignment.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On June 1, 1999, the County and HMS entered into Financial Management Services Agreement No. H-210553, effective July 1, 1999 through June 30, 2000, with provisions for three one-year automatic renewals through June 30, 2003. The agreement with HMS provided for commercial insurance billing services; Medi-Cal billing and follow-up services; financial management and consulting services and Secondary Third-Party Resource Identification and Recovery Services to County health facilities with contingent fees that vary according to services provided. The contingency fees are paid solely on revenues received by the County as a direct result of the above-mentioned financial services.

On February 12, 2002, the Board approved Amendment No. 1 to the contract with HMS adding provisions to explicitly exclude Medi-Cal cost report settlements from being a basis from which HMS would be paid. On April 1, 2003, the Board approved Amendment No. 2 which added provisions for disproportionate share recovery services and Medi-Cal drug treatment claim processing services and extended the term to June 30, 2006.

In late Spring of 2003, the County was informed that as of December, 2002, HMS had undergone a complicated corporate reorganization process and eventually formed separate entities as wholly-owned subsidiaries under a new parent company, HMS Holdings Corp. One of the wholly-owned subsidiaries is Accordis Inc. Accordis Inc. will be performing all the duties and accepting all the responsibilities under this Financial Management Services Agreement.

In circumstances such as these, it is necessary for the County to formally approve a Delegation of Duties and Assignment Agreement with the contractor.

Because there is a contingency fee payment mechanism under this Agreement, the No Payment For Services Provided Following Expiration/Termination paragraph of this Agreement is not applicable and was not added. This Agreement may be terminated by either party at any time by giving at least (30) days prior notice to the other party.

County Counsel and the Department of Health Services have reviewed the corporate documents forwarded to us by HMS Holdings Corp. and agree to this Assignment and Delegation.

This Delegation of Duties and Assignment of Agreement has been approved as to form by County Counsel.

Exhibit I provides additional information.

CONTRACTING PROCESS:

Since no solicitation process was involved in the contracting process, the Delegation of Duties and Assignment of Agreement was not advertised on the online web site.

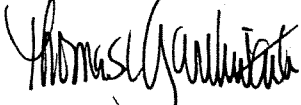
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IMPACT ON CURRENT SERVICES (OR) PROJECTS:

Approval of this Delegation and Assignment of Agreement will allow for the continued provision of financial management services

When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas L. Garthwaite".

Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

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Attachments (3)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

SUMMARY OF DELEGATION OF DUTIES AND ASSIGNMENT AGREEMENT

1. Type of Service:

Financial management and consulting services.

2. Agency Addresses and Contact Persons:

DELEGATION OF DUTIES AND ASSIGNMENT OF RIGHTS TRANSFER

FROM:

Health Management Systems Inc.
401 Park Avenue South
New York, New York 10016
Contact: Robert M. Holster President
Telephone: (212) 725-7965

TO:

Accordis Inc.
401 Park Avenue South
New York, New York 10016
Contact: Elena Moiseenko Senior Vice President
Telephone: (212) 857-5373

3. Term:

The agreement is effective retroactive to December 16, 2002. The term runs from July 1, 1999, through June 30, 2003 with provisions for three one-year automatic renewals through June 30, 2006.

4. Financial Information:

Not applicable.

5. Program Information:

The agreement provides for financial management and consulting services for all County facilities.

6. Approvals:

Director of Finance	Gary W. Wells
Contracts and Grants Division:	Riley J. Austin, Acting Chief
County Counsel:	Irene E. Riley, Associate County Counsel

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dar: 10/29/03

Contract No. H-210553

APPROVAL OF DELEGATION OF DUTIES AND ASSIGNMENT OF AGREEMENT

THIS APPROVAL OF ASSIGNMENT is made and entered into this ____
____ day of _____, 2003,

by and between

COUNTY OF LOS ANGELES
(hereafter "County"),

and

HEALTH MANAGEMENT SYSTEMS, INC.
(hereafter "HMS")

and

ACCORDIS, INC.
(hereinafter "Accordis")

WHEREAS, on June 1, 1999, County and HMS entered into a Financial Management Services Agreement, subsequently amended on February 12, 2002 and March 20, 2003, allowing HMS the unexclusive right to provide financial services, as defined in the Agreement, for the purpose of Commercial Insurance Billing Services, Medi-Cal Billing and Follow-up Services, Financial Management and Consulting Services, Secondary Third-Party Resource Identification and Recovery Services, Disproportionate Share Recovery Services, and Medi-Cal Drug Treatment Claim Processing Services (hereafter "Agreement"); and

WHEREAS, HMS has reorganized and desires to delegate and assign all its rights, duties and obligations under the Agreement to Accordis, a wholly owned subsidiary of Health Management Systems Holdings Corporation, and Accordis accepts the delegation

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and assignment of all rights, duties and obligations under the Agreement from December 02, 2002.

WHEREAS, HMS has asked County to consent to the delegation of duties and assignment of rights under said Agreement; and

WHEREAS, under the terms of Agreement, a formal assignment and delegation of Agreement must be approved by County; and

WHEREAS, the County has reviewed the Certificate of Incorporation, Merger Agreement, Corporate Seal and other background material and finds that Accordis is a wholly owned subsidiary of Health Management Systems Holdings Corporation and, as such, is capable of carrying out the services as required under the Agreement.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. All rights, duties and obligations under Agreement shall be assigned and delegated by HMS to Accordis, effective upon the date first written above ("effective date").

2. County consents retroactively to such assignment and delegation.

3. Any amounts due under Agreement no. H-210553 by COUNTY for contractor services which have not yet been paid, shall be paid to Accordis.

County, Health Management Systems, Inc., and Accordis, Inc., by mutual subscription hereon, agree to this Approval of Delegation of Duties and Assignment.

Director and Chief Medical Officer of Health Services and HEALTH MANAGEMENT SYSTEMS, INC and ACCORDIS INC. have caused this Agreement to be subscribed on its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
Thomas L. Garthwaite, M.D.
Director and Chief Medical
Officer

APPROVED AS TO FORM
LLOYD W. PELLMAN
County Counsel

By Jane E.R.

APPROVED AS TO CONTRACT
ADMINISTRATION:
Department of Health Services

By _____
Riley J. Austin, Acting Chief
Contracts and Grants Division

COUNTY OF LOS ANGELES

By _____
Chairman, Board of Supervisors

HEALTH MANAGEMENT SYSTEMS INC
Contractor-Assignor/Delegator

By William Foster

Title President
(AFFIX CORPORATE SEAL)

ACCORDIS INC.
Contractor-Assignee/Delegatee

By Chen M. Dusek

Title Senior Vice President
(AFFIX CORPORATE SEAL)

dar:10/23/03

Ear *WMS*